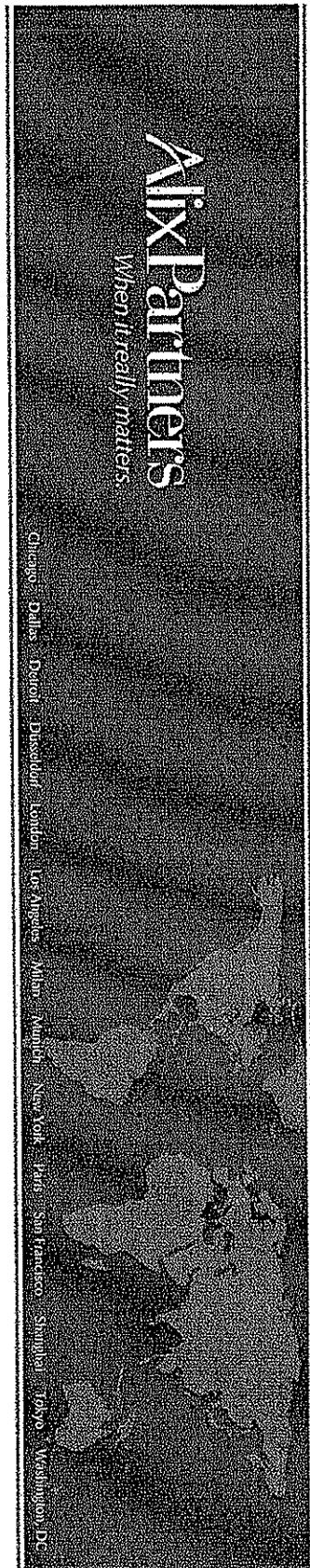


Project Hermitage
Alternative Proposal
April 2013



www.alixpartners.com



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- I. Executive Summary
- II. Overview of Alternative Proposal

I. Executive Summary

Executive Summary

Recap of discussions to date

- ▶ Bank objections to the November Plan have mainly centered around cross subsidization between stakeholders, the allocation of equity, and de-risking via asset disposals
- ▶ Bareboat owners have not accepted the 35% reduction in payments requested under the November Plan

Objectives and constraints for Gedea

- ▶ Management continues to assess asset disposals in light of the overall strategy for the fleet. Under present circumstances, management is not supportive of further asset sales
- ▶ Equity of \$50m is available to facilitate the restructuring; \$10m was contributed in December 2012
- ▶ The current cash position is very tight and will worsen in Q2-Q3 as a result of new deliveries and yard payments, limiting the Company's ability to address aggressive action from stakeholders

Alternative proposal

- ▶ An alternative proposal is based on a restructuring of obligations reflecting individual vessel/facility earnings
- ▶ After securing a minimum operational cash level, new equity would be allocated directly and equitably into the individual vessels
- ▶ We contemplate several structures from which bareboat owners could self-select an alternative best suited to their individual objectives

II. Overview of Alternative Proposal

Overview of Alternative Proposal

Banks

- Of the \$50m in equity available, \$10m has already been provided in December. Another \$10m will be required at a transaction close in order to maintain minimum operational cash

Bank Breakeven and Deferrals under Alternative Proposal (\$m)								
Bank	Revenue 2013 fcast	Opex ² 2013 fcast	Net Earnings 2013 fcast	Fairly Subsidy	Interest Rate	Available for contractual deferrals	Current Rpmnts	Required 2013
Lloyds	32.1	(7.8)	24.4	0.8	3.7	21.4	9.7	0%
Natixis	11.8	(4.3)	7.7	0.5	0.7	7.4	6.8	0%
CCB	25.0	(4.5)	20.6	0.5	2.0	19.0	18.9	0%
Subtotal	68.9	(16.5)	52.7	1.9	6.5	47.9	35.3	0%

- The remaining \$30m would be allocated equally between 551 vessels, as an ongoing subsidy to prevailing market rates equal to approximately \$750/ship/day

CDB	10.4	(4.5)	6.0	0.5	3.3	3.2	4.1	22%
HSH	14.5	(7.4)	7.2	0.8	1.9	6.0	8.1	26%
DVB NLB	22.2	(12.2)	10.2	1.4	4.6	6.7	10.1	34%
DVB NLB San	13.2	(7.2)	6.1	0.8	2.6	4.2	5.4	23%
NLB	9.3	(5.2)	4.2	0.5	1.0	3.6	5.2	30%
DVB	7.2	(5.0)	2.3	0.8	0.9	2.2	3.1	30%
Commerzbank	4.7	(2.6)	2.2	0.3	0.8	1.6	3.1	46%
Unicredit	14.0	(7.8)	6.3	0.8	3.3	3.7	7.0	47%
Dekabank	10.5	(6.1)	4.5	0.8	1.9	3.2	12.0	73%
NSF	7.3	(4.1)	3.2	0.5	4.5	3.7	0.0	17% ³
Credit Europe	5.1	(2.6)	2.6	0.3	3.0	2.8	0.0	6% ⁴
Subtotal	118.4	(64.7)	54.6	7.7	20.4	41.0	65.6	37%⁵

⁰¹ including deliveries in 2013 and adjusted for sale of Bayut

⁰² includes \$100k/day reserve toward drydocking costs of which there are \$2.5m forecast for 2013 and \$4.5m forecast for 2014 across active fleet

⁰³ Percentage of NSF interest needs to be PIK

⁰⁴ Percentage of Credit Europe interest needs to be PIK (2 year grace period already applies)

⁰⁵ includes NSF and Credit Europe PIK in deferral subtotal

⁰⁶ G&G Global debt/equity swap under negotiation

Overview of Alternative Proposal

Bareboats

Bareboat owners would be able to self-select around 3 options:

Option	Description	Years 1 and 2 (through June 2015)	Remaining term	Purchase obligation
A	2 year reduction with purchase option/ obligation increase	Subsidy of \$750/day/vessel	100% of contracted	Increase in purchase options by 60% of foregone payments in Years 1 and 2
B	2 year reduction with share of upside	Subsidy of \$750/day/vessel	100% of contracted plus 70% share of net earnings above this	No change
C	Redelivery of vessels	N/A	N/A	Redelivery including a goodwill payment of \$1m/vessel

Overview of Alternative Proposal

Bareboats

Projected vessel bareboat rates under the baseline including the \$750 premium are:

Vessel	Bareboat owner	Revenue 2013	Revenue 2014	Revenue less Opex rate 2013	Revised rate 2013	Revised rate 2014	Contracted rate 2013	Reduction 2013	Reduction 2014
Aqua	FSL	14,750	14,750	(7,100)	7,650	7,650	16,309	53%	53%
Action	FSL	14,750	14,750	(7,100)	7,650	7,650	16,309	53%	53%
Spike	Stealth	14,750	14,750	(7,100)	7,650	7,650	12,900	41%	41%
Avor	Stealth	14,750	14,750	(7,100)	7,650	7,650	12,900	41%	41%
Center	Icon	15,750	15,750	(7,100)	8,650	8,650	20,000	57%	57%
Enjoy	Octavian	14,250	14,250	(6,600)	7,650	7,650	13,000	41%	41%
Marka	Octavian	14,250	14,250	(6,600)	7,650	7,650	13,000	41%	41%
Fantastic	Icon	10,750	11,750	(5,600)	5,150	5,150	13,500	62%	54%
Amazing	Icon	10,750	11,750	(5,600)	5,150	6,150	13,500	62%	54%
CV Stealth	Stealth	14,750	14,750	(8,100)	6,650	6,650	10,750	38%	38%
CS Stealth	Stealth	14,750	14,750	(8,100)	6,650	6,650	10,750	38%	38%

(1) Revenue includes projected market rate plus \$750/day subsidy from new equity

② Operational expenditure (Opex) includes a drydocking reserve of \$100/vessel



Appendix A. Rate Sensitivities

Projected Day Rate Growth

Rates Scenarios

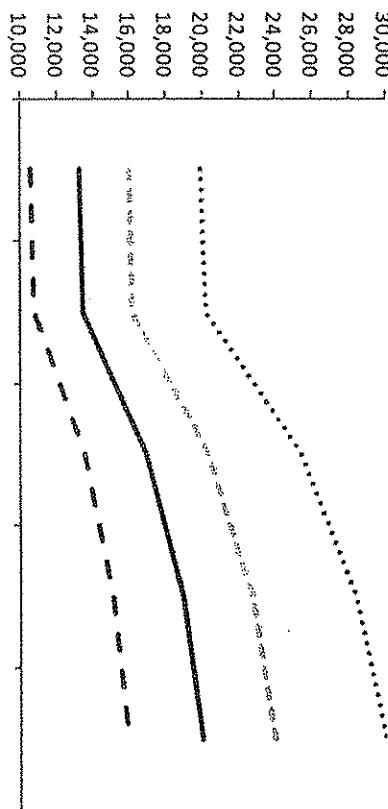
- We have prepared an analysis of the various options using the Company's market projections under the Business Plan ("Baseline") as well as under various sensitivities

Rates under Company Business Plan ("Baseline")							CAGR (12-17)
\$/day	Vessels (BB owner)	2013	2014	2015	2016	2017	
Aframax	Spike/AVO/CSL/Stealth	14,000	14,000	17,500	19,000	21,000	8.2%
Tanker	(Stealth)Aqua/aktion (ISL)	14,000	14,000	17,500	19,000	21,000	8.2%
Suezmax	Center (Icon)	15,000	15,000	22,000	24,000	24,000	8.4%
Tanker	Panamax	13,500	13,500	14,500	17,500	17,500	5.6%
Tanker	EnJoy/Marka/Octavian	13,500	13,500	14,500	17,500	17,500	5.6%
Handymax	Fantastic/Amazing (Icon)	10,000	11,000	15,000	17,500	17,500	11.7%
Bulker	Weighted	13,273	13,455	16,909	18,909	20,000	9.4%
Average							

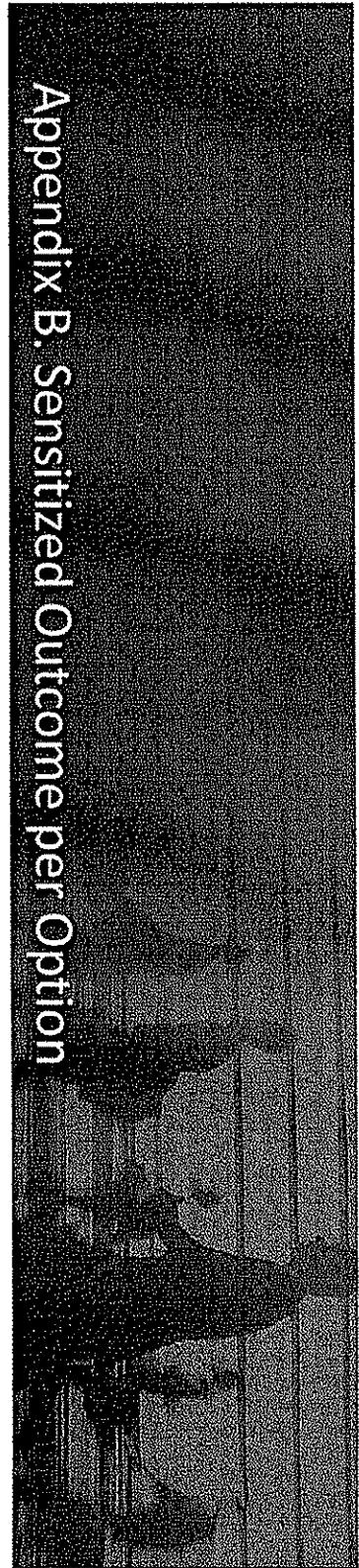
Sensitivities on Company Business Plan

- Low and High cases set at -20% and +20% on the above figures respectively.

- Highest reflects a 50% increase on the Baseline



Appendix B. Sensitized Outcome per Option



ICON

Present value of each option under different rate scenarios

- The following present values compare to \$78.5m as per the latest vessel valuations:

Present Value per Option and Rate Sensitivity					
Option	Description	Low	Baseline	High	Highest
A	2 year \$750/day/vessel subsidy then revert to 100% contracted with premium added to purchase obligation price (50% of reduction)	109.4	114.7	120.0	127.9
B	2 year \$750/day/vessel subsidy then revert to 100% contracted plus 70% share of excess net earnings. No change to purchase obligation price	103.1	111.4	120.3	133.7
C	Redelivery of vessel with \$1m payment	69.3	78.1	127.0	170.2

(1) Present value in \$million of future cashflow (through life of agreement) discounted at 10%.

(2) Baseline refers to the Gedion rate projections used in the business plan and cashflow forecasting. 'low', 'high' and 'highest' adjust this by -20%, +20% and +50% respectively.

(3) The highlighted red dotted boxes are demonstrated as worked examples in the next section

(4) Assumes sale of vessel at market value at time of option [(revenue - Opex) x 6; maturity dates May 16, Sept 17, Sept 17 when vessels are 5, 7 and 7 years old respectively]

Octavian

Present value of each option under different rate scenarios

- The following present values compare to \$64.8m as per the latest vessel valuations:

Present Value per Option and Rate Sensitivity				
Option	Description	Low	Baseline	High
A	2 year \$750/day vessel subsidy then revert to 100% contracted with premium added to purchase obligation price (60% of reduction)	68.1	74.8	75.4
B	2 year \$750/day vessel subsidy then revert to 100% contracted plus 70% share of excess net earnings. No change to purchase obligation price	66.5	71.5	76.7
C	Redelivery of vessel with \$1m payment	35.5	57.4	69.3

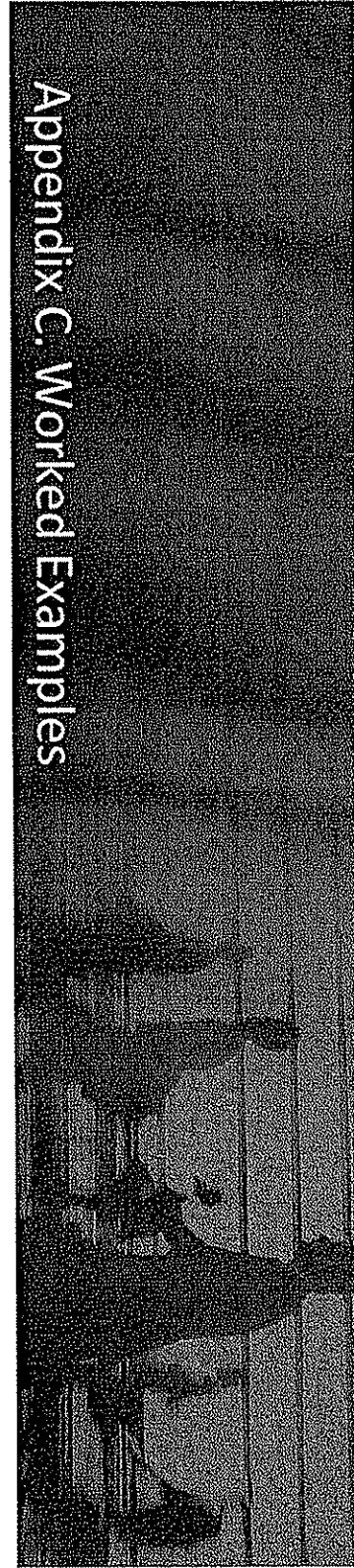
⁽¹⁾ Present value in \$million of future cashflow discounted at 10%.

⁽²⁾ Baseline refers to the Geffen rate projections used in the business plan and cashflow forecasting. 'Low', 'High' and 'Highest' adjust this by -20%, +20% and +50% respectively.

⁽³⁾ The highlighted red dotted boxes are demonstrated as worked examples in the next section

⁽⁴⁾ Assumes sale of vessel at market value at time of option (Revenue - Opex) x 5; maturity dates Mar 16, Mar 17 when vessels are 5 years old

Appendix C. Worked Examples



Worked Example 1

Option A detail under low (-20%) case rates

Example 1 Day Rate Projection:		2013	2014	2015	2016	2017		
Vessel	Bareboat owner	Present Value ¹³	Total	2013	2014	2015	2016	2017
Aqua	FSL	16.4	21.5	0.9	1.8	4.4	6.0	8.5
Action	FSL	16.4	21.5	0.9	1.8	4.4	6.0	8.5
Spike	Stealth	4.5	5.1	0.9	1.8	2.5	0.0	0.0
Avor	Stealth	47.1	56.6	0.9	1.8	54.0	0.0	0.0
Center	Icon 1	54.3	71.0	1.0	2.1	5.7	62.2	0.0
Enjoy	Octavian 1	33.8	44.0	0.9	1.8	3.4	37.8	0.0
Marka	Octavian 2	34.3	48.0	0.9	1.8	3.4	4.8	37.1
Fantastic	Icon 2	27.5	38.3	0.5	1.4	3.8	4.9	27.5
Amazing	Icon 2	27.5	38.3	0.6	1.4	3.8	4.9	27.5

¹³: Present value in \$million of future cashflow discounted at 10%

¹⁴: Cashflows shown based on low (-20% rate scenario) combined with Option A

Worked Example 2

Option B detail under high (+20%) case rates

Example 2 Day Rate Projection:	2013	2014	2015	2016	2017
High (+20%)	15,927	16,415	20,291	22,691	24,900

Vessel	Bareboat owner	Present Value ¹	Total				
			2013	2014	2015	2016	2017
Aqua	FSL	21.9	27.9	1.9	3.8	6.3	7.6
Action	FSL	21.9	27.9	1.9	3.8	6.3	7.6
Spike	Stealth	7.5	8.4	1.9	3.8	2.7	0.0
Avor	Stealth	50.1	59.9	1.9	3.8	54.2	0.0
Center	Icon 1	57.2	73.7	2.1	4.3	8.1	59.2
Enjoy	Octavian 1	37.3	47.7	1.9	3.8	5.0	37.0
Marka	Octavian 2	39.4	53.8	1.9	3.8	5.0	6.8
Fantastic	Icon 2	31.5	42.7	1.3	3.0	5.4	6.9
Amazing	Icon 2	31.5	42.7	1.3	3.0	5.4	6.9
							26.1

¹ Present value in \$million of future cashflow discounted at 10%
² Cashflows shown based on High (+20% rate scenario) combined with Option B

Worked Example 3

Highest (+50%) Case Rates

Example 3 Day Rate Projection:	2013	2014	2015	2016	2017
Highest (+50%)	19,909	20,182	25,364	28,364	30,000

Vessel	Barbboat owner	Present Value ¹	Total				
			2013	2014	2015	2016	2017
Aqua	FSL	62.4	85.8	3.6	5.1	7.0	7.8
Action	FSL	62.4	85.8	3.6	5.1	7.0	7.8
Spike	Stealth	45.7	54.0	3.6	5.1	45.4	0.0
Avor	Stealth	45.7	54.0	3.6	5.1	45.4	0.0
Center	Icon 1	67.4	86.3	3.8	5.6	9.5	67.4
Enjoy	Octavian 1	46.1	58.6	3.5	5.0	5.5	44.6
Marka	Octavian 2	48.5	65.9	3.5	5.0	5.5	7.2
Fantastic	Icon 2	51.4	70.7	2.7	4.0	6.2	7.6
Amazing	Icon 2	51.4	70.7	2.7	4.0	6.2	7.6

¹Present value in \$million of future cashflow discounted at 10%.

²Cashflows shown based on Highest (+50% rate scenario) combined with Option C

Global Locations

AlixPartners is ready to field a team of relevant experts whenever and wherever they are needed. Our professionals work from 15 global offices in more than a dozen different countries. They speak more than 50 languages, and have experience in every corner of the world. Call us, we'll be there when it really matters.

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